

fell below the gold export point, telegraphic transfers on London should be offered at a fixed rate.¹ No occasion arose at the time for putting this decision in practice. The release of gold in London was accompanied by a quick rise in rates for bills, which on November 30th stood at 151½ pence,

The general crisis was only a few months passed when, in April, 1908, a crisis largely local to India developed from the failure of the crops and the excess of obligations abroad incurred by Indian merchants for their purchases in Europe. Again sterling drafts on London were offered freely by the Indian Government, and from March 26th to August 1st had been taken to the amount of £8,058,000. This extraordinary reversal of the usual movement of exchange was met by the sale of securities held in the Gold-Standard Reserve in London in order to find the gold to meet the drafts. Between March 31 and July 31, 1908, the amount invested in gold securities fell from £14,019,676 to £9,415,708, and silver held in the reserve fund in India mounted upward from £4,000,000 to £9,002,000.³ Thus, the fund, from consisting of gold investments in the proportion of more than seventy-five percent, came to consist of silver in the proportion of nearly fifty per cent.

The tide turned with the more favorable crop conditions of the summer of 1908. Jute and tea bills came forward freely, imports into India were reduced, and in September the government found purchasers for 600,000 rupees (\$192,000) in Council drafts. The silver in the Gold-Standard Reserve began to be again in demand, but purchases of bullion were necessarily suspended for some time, with a depressing effect upon the market for silver bullion.⁸ Early in the summer, in order to further strengthen the resources of the Indian Government, an offer of one-year bills was made to the public in order to obtain capital for railway construction. This was

¹ Supplement to the *Gazette of India*, March 21, 1908, 710.

* *London Bankers' Magazine*, October, 1908, I<XXXVI., 440.

³ *London Statist*, September 26, 1908, LXII, 623. Silver bullion on September 25, 1908, was already at 23½ pence, and on November 28, 1908, was at 22½ pence—only a half penny above the minimum **touched** in 1902 and 1903.